

Ward, and George I. Seney and the collapse of smaller houses connected with them. Money went to one per cent. a day, the interior banks began to draw heavily upon their New York reserves, and it was hardly possible to obtain cash or credit upon the best securities.¹ The decision of the associated banks to issue Clearing-House certificates calmed the storm by degrees, but the failures of the year were computed to show liabilities of \$240,000,000[^] and deposits in the national banks fell from \$1,060,778,388 on April 24th to \$979,020,349 on June 20, 1884.

The Crisis of 1890.

The crisis of 1890 afforded a striking illustration of the better understanding of such events which has arisen within the past half century, and of the success of skilful and courageous financiers in dealing with them. The particular cause of the crisis was the heavy loans through the Barings to the Argentine Republic, but the years preceding 1890 had been marked, as in other such periods, by excessive speculation, the increase of joint stock companies and the inflation of prices. A part of this tendency to speculation was attributed, as in the case of the crisis of 1837, *^o the conversion of the public stocks or Consols in 1888, under the management of Chancellor Goschen, from three per cent, to two and three-quarters per cent. The returns of the registrar of joint stock companies showed the total amount of capital registered during 1888 to have been ^353,781,594, and in 1889, £241,277,468, while the loans to the Argentine Republic alone in those two years were stated at ^36,102,766 in 1888, and ^29,223,341 in 1889.["] Railway earnings

¹ It is apropos of this crisis that Mr. Henry Clews remarks that, " Were the "banks allowed to use their reserves under such circumstances, a fund would be provided for mitigating the force of the crisis, and the danger might be gradually tided over ; -but, as it is, the banks can legally do little or nothing to avert panic ; on the contrary, the law compels them to take a course which precipitates it." — Twenty-eight Years in Wall Street, 161.

^{*}Juglar,477.

³ *Journal of the Institute of Bankers* ^ Jan., 1891,
XIL, x.